

CITY OF ESCANABA, MICHIGAN

MARINA FUND
COMPARATIVE STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2005 and 2004

	June 30	
	2005	2004
OPERATING REVENUES:		
Operating revenues:		
Charges for services:		
Dock fees	\$ 142.407	\$ 153.925
Fuel and concession revenues	64.621	68.549
Miscellaneous:		
Other	584	589
TOTAL OPERATING REVENUES	<u>207.612</u>	<u>223.063</u>
OPERATING EXPENSES:		
Enterprises:		
Summer services:		
Salaries and wages	84.654	78.448
Fringe benefits	20.292	16.766
Fuel	51.197	52.137
Clothing	-	112
Uniform maintenance	86	120
Professional services	955	795
Office supplies	2.312	2,269
Building supplies	887	1,509
Communications	1,506	1,312
Transportation	637	907
Printing and publishing	820	2,152
Insurance and bonds	6,158	6,625
Public utilities	10,916	12,528
Building maintenance	5,413	2,494
Meetings	810	630
Equipment repair	1,127	1,774
Equipment rental	3,735	6,122
Weed harvesting	4,695	3,849
New equipment	-	240
Provision for depreciation	62.736	62.736
TOTAL OPERATING EXPENSES	<u>258.936</u>	<u>253.525</u>
OPERATING INCOME (LOSS)	<u>(51.324)</u>	<u>(30.462)</u>
NON-OPERATING REVENUES (EXPENSES):		
State grants:		
DNR grant Aronson Island	250	-
Gain (loss) on sale of investments	(657)	(2,594)
Interest earnings	3,051	3,676
Interest expense	(18,669)	(19,256)
Operating transfers out:		
Grants Fund	-	(2,981)
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(16.025)</u>	<u>(21.155)</u>
CHANGE IN NET ASSETS	(67.349)	(51.617)
Net assets, beginning of year	<u>1,728.532</u>	<u>1,780,149</u>
NET ASSETS, END OF YEAR	<u>\$ 1,661.183</u>	<u>\$ 1,728,532</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

MARINA FUND
STATEMENT OF CASH FLOWSFor the year ended June 30, 2005
with comparative totals for June 30, 2004

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 211,493	\$ 228,017
Cash payments to suppliers for goods and services	(98,136)	(87,215)
Cash payments to employees for services	(104,946)	(95,214)
Cash payments to other funds for services	(3,735)	(6,122)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,676	39,466
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Repayment of interfund loans	(15,364)	(13,928)
Operating transfers out	-	(2,981)
NET CASH USED BY NON-CAPITAL FINANCING ACTIVITIES	(15,364)	(16,909)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:		
State grants	250	-
Interest paid	(18,669)	(19,256)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(18,419)	(19,256)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Gain (loss) on sale of investments	(657)	(2,594)
Interest earned	3,293	4,326
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,636	1,732
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	(26,471)	5,033
Cash and equivalents, beginning of year	115,326	110,293
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 88,855</u>	<u>\$ 115,326</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (51,324)	\$ (30,462)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	62,736	62,736
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	3,881	4,954
(Increase) decrease in inventories	(2,366)	(5,069)
Increase (decrease) in accounts payable	(8,251)	7,307
Total adjustments	56,000	69,928
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,676</u>	<u>\$ 39,466</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

MARINA FUND
SCHEDULE OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT

For the year ended June 30, 2005

	<u>Balance</u> <u>06/30/04</u>	<u>Transfers</u> <u>and</u> <u>Additions</u>	<u>Retirements,</u> <u>Dispositions</u> <u>and</u> <u>Transfers</u>	<u>Balance</u> <u>06/30/05</u>
Boat Launch/Parking Lots:				
Boat launch/parking lot	\$ 63,955	\$ -	\$ -	\$ 63,955
Skid Pier	5,972	-	-	5,972
Solar lighting	12,757	-	-	12,757
Furniture, Fixtures and Equipment	7,502	-	-	7,502
Marina Docks, Piers and Walls:				
12 floating piers, revetment wall and fuel system	328,314	-	-	328,314
Barage docks	13,075	-	-	13,075
Two 550' piers and revetment wall	770,982	-	-	770,982
Mooring buoys	7,816	-	-	7,816
Transitional anchoring system	42,369	-	-	42,369
Various upgrades	30,453	-	-	30,453
Revetment wall	346,067	-	-	346,067
Harbor Master Building:				
Harbor master building	579,152	-	-	579,152
Parking lot and landscaping	408,958	-	-	408,958
TOTALS	<u>\$ 2,617,372</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,617,372</u>

See accompanying notes to financial statements.

INTERNAL SERVICE FUNDS

CITY OF ESCANABA, MICHIGAN
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS

June 30, 2005 and 2004

	Escanaba Building Authority Fund	Motor Vehicle and Equipment Fund	Office Equipment Fund	Risk Retention Fund	Dental Fund	Health Insurance Fund
ASSETS:						
Current assets:						
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments, at market	367,621	969,084	61,322	79,424	14,949	47,479
Receivables:						
Accounts, net of bad debt allowance	-	-	-	-	-	-
Accrued interest	3,024	9,621	703	856	182	-
Due from other funds:						
Grants Fund	-	-	-	-	-	33
Prepaid expenses	59,964	-	-	27,532	-	101,523
Cash on deposit	-	-	-	-	12,000	19,375
Total current assets	<u>430,609</u>	<u>978,705</u>	<u>62,025</u>	<u>107,812</u>	<u>27,131</u>	<u>168,410</u>
Property, plant and equipment:						
Property, plant and equipment	7,375,668	4,641,565	299,333	-	-	-
Less accumulated depreciation	(1,713,378)	(3,457,822)	(155,061)	-	-	-
Net property, plant and equipment	<u>5,662,290</u>	<u>1,183,743</u>	<u>144,272</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 6,092,899</u>	<u>\$ 2,162,448</u>	<u>\$ 206,297</u>	<u>\$ 107,812</u>	<u>\$ 27,131</u>	<u>\$ 168,410</u>
LIABILITIES:						
Current liabilities:						
Accounts payable	\$ 1,213	\$ 5,755	(436)	\$ -	\$ -	\$ 67,149
Claims payable	-	-	-	-	24,251	-
Accrued salaries, wages and fringes	8,891	23,035	-	-	-	-
Accrued interest payable	47,728	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Bonds payable	150,000	-	-	-	-	-
Total current liabilities	<u>207,832</u>	<u>28,790</u>	<u>(436)</u>	<u>-</u>	<u>24,251</u>	<u>67,149</u>
Long-term liabilities:						
Bonds payable	<u>3,560,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,767,832</u>	<u>28,790</u>	<u>(436)</u>	<u>-</u>	<u>24,251</u>	<u>67,149</u>
NET ASSETS:						
Invested in capital assets, net of related debt	1,952,290	1,183,743	144,272	-	-	-
Unrestricted	<u>372,777</u>	<u>949,915</u>	<u>62,461</u>	<u>107,812</u>	<u>2,880</u>	<u>101,261</u>
TOTAL NET ASSETS	<u>2,325,067</u>	<u>2,133,658</u>	<u>206,733</u>	<u>107,812</u>	<u>2,880</u>	<u>101,261</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,092,899</u>	<u>\$ 2,162,448</u>	<u>\$ 206,297</u>	<u>\$ 107,812</u>	<u>\$ 27,131</u>	<u>\$ 168,410</u>

See accompanying notes to financial statements.

Worker's Compensa- tion Fund	Unemployment Compensation Fund	Totals	
		2005	2004
\$ -	\$ -	\$ -	\$ 8,987
1,166,211	410,511	3,116,601	3,257,613
-	-	-	54,019
12,246	4,224	30,856	36,314
-	-	33	-
-	-	189,019	179,919
-	-	31,375	25,375
<u>1,178,457</u>	<u>414,735</u>	<u>3,367,884</u>	<u>3,562,227</u>
-	-	12,316,566	12,244,006
-	-	(5,326,261)	(4,956,482)
-	-	6,990,305	7,287,524
<u>\$ 1,178,457</u>	<u>\$ 414,735</u>	<u>\$ 10,358,189</u>	<u>\$ 10,849,751</u>

\$ 7,540	\$ -	\$ 81,221	\$ 127,346
325,000	5,411	354,662	359,036
-	-	31,926	37,314
-	-	47,728	20,102
-	-	-	34,960
-	-	150,000	170,000
<u>332,540</u>	<u>5,411</u>	<u>665,537</u>	<u>748,758</u>
-	-	3,560,000	3,710,000
<u>332,540</u>	<u>5,411</u>	<u>4,225,537</u>	<u>4,458,758</u>
-	-	3,280,305	3,407,524
845,917	409,324	2,852,347	2,983,469
<u>845,917</u>	<u>409,324</u>	<u>6,132,652</u>	<u>6,390,993</u>
<u>\$ 1,178,457</u>	<u>\$ 414,735</u>	<u>\$ 10,358,189</u>	<u>\$ 10,849,751</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS**

For the years ended June 30, 2005 and 2004

	Escanaba Building Authority Fund	Motor Vehicle and Equipment Fund	Office Equipment Fund	Risk Retention Fund	Dental Fund	Health Insurance Fund
OPERATING REVENUES:						
Retiree contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,294
Cobra contributions	-	-	-	-	-	43,252
City's contribution for employees	-	-	-	-	86,573	1,170,542
Employee insurance co-pay	-	-	-	-	-	5,427
Equipment rental	-	748,411	50,594	-	-	-
Provision for self insurance	-	-	-	177,008	-	-
Miscellaneous	475,476	-	-	-	-	-
TOTAL OPERATING REVENUES	475,476	748,411	50,594	177,008	86,573	1,332,515
OPERATING EXPENSES:						
General government	163,424	703,497	20,694	164,709	114,714	1,305,901
Capital projects	5,642	-	-	-	-	-
Provision for depreciation	162,074	263,046	32,891	-	-	-
TOTAL OPERATING EXPENSES	331,140	966,543	53,585	164,709	114,714	1,305,901
OPERATING INCOME (LOSS)	144,336	(218,132)	(2,991)	12,299	(28,141)	26,614
NON-OPERATING REVENUES (EXPENSES):						
Gain (loss) on sale of investments	(2,407)	(8,048)	(952)	(559)	(412)	-
Gain (loss) on sale of equipment	-	1,139	-	-	-	-
Interest earnings	12,392	40,024	3,544	5,091	1,140	-
Interest expense	(149,496)	-	-	-	-	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	(139,511)	33,115	2,592	4,532	728	-
CHANGE IN NET ASSETS	4,825	(185,017)	(399)	16,831	(27,413)	26,614
Net assets, beginning of year	2,320,242	2,318,675	207,132	90,981	30,293	74,647
NET ASSETS, END OF YEAR	\$ 2,325,067	\$ 2,133,658	\$ 206,733	\$ 107,812	\$ 2,880	\$ 101,261

See accompanying notes to financial statements.

Worker's Compensa- tion Fund	Unemployment Compensation Fund	Totals	
		2005	2004
\$ -	\$ -	\$ 113,294	\$ 102,484
-	-	43,252	46,282
-	-	1,257,115	1,117,938
-	-	5,427	4,350
-	-	799,005	821,571
-	-	177,008	188,752
-	-	475,476	503,940
-	-	2,870,577	2,785,317
136,477	11,884	2,621,300	2,623,956
-	-	5,642	5,444
-	-	458,011	472,688
136,477	11,884	3,084,953	3,102,088
(136,477)	(11,884)	(214,376)	(316,771)
(10,615)	(3,184)	(26,177)	(101,160)
-	-	1,139	843
51,087	17,291	130,569	144,946
-	-	(149,496)	(252,555)
40,472	14,107	(43,965)	(207,926)
(96,005)	2,223	(258,341)	(524,697)
941,922	407,101	6,390,993	6,915,690
\$ 845,917	\$ 409,324	\$ 6,132,652	\$ 6,390,993

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS**

For the year ended June 30, 2005
with comparative totals for the year ended June 30, 2004

	Escanaba Building Authority Fund	Motor Vehicle and Equipment Fund	Office Equipment Fund	Risk Retention	Dental Fund	Health Insurance Fund	Worker's Compensa- tion Fund
CASH FLOWS FROM OPERATING ACTIVITIES:							
Cash received for insurance costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,386,501	\$ -
Cash received from other funds for services	475,476	748,411	50,594	177,008	86,573	-	-
Cash payments to suppliers for goods and services	(95,914)	(528,634)	(52,830)	-	(4,982)	(39,679)	(23,914)
Cash payments to employees for services	(69,816)	(188,557)	-	-	-	-	-
Cash payments of benefits	-	-	-	(179,461)	(118,042)	(1,299,343)	(122,178)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>309,746</u>	<u>31,220</u>	<u>(2,236)</u>	<u>(2,453)</u>	<u>(36,451)</u>	<u>47,479</u>	<u>(146,092)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:							
Principal payments on bonds	(170,000)	-	-	-	-	-	-
Interest expense	(121,870)	-	-	-	-	-	-
Acquisition and construction of capital assets/disposals	-	(108,137)	(51,517)	-	-	-	-
Proceeds from sale of equipment	-	-	-	-	-	-	-
Proceeds from bond issuance	-	-	-	-	-	-	-
NET CASH USED FOR CAPITAL FINANCING ACTIVITIES	<u>(291,870)</u>	<u>(108,137)</u>	<u>(51,517)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest and gains on investments	<u>10,288</u>	<u>33,444</u>	<u>3,222</u>	<u>4,491</u>	<u>1,125</u>	<u>-</u>	<u>42,957</u>
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	<u>28,164</u>	<u>(43,473)</u>	<u>(50,531)</u>	<u>2,038</u>	<u>(35,326)</u>	<u>47,479</u>	<u>(103,135)</u>
Cash and equivalents, beginning of year	<u>339,457</u>	<u>1,012,557</u>	<u>111,853</u>	<u>77,386</u>	<u>50,275</u>	<u>-</u>	<u>1,269,346</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 367,621</u>	<u>\$ 969,084</u>	<u>\$ 61,322</u>	<u>\$ 79,424</u>	<u>\$ 14,949</u>	<u>\$ 47,479</u>	<u>\$1,166,211</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
Operating income (loss)	\$ 144,336	\$ (218,132)	\$ (2,991)	\$ 12,299	\$ (28,141)	\$ 26,614	\$ (136,477)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:							
Depreciation	162,074	263,046	32,891	-	-	-	-
Changes in assets and liabilities:							
(Increase) decrease in receivables, prepaids, due from other funds and deposits	3,157	-	-	(10,752)	(5,591)	52,072	-
Increase (decrease) in accounts and claims payable and due to other funds	(1,698)	(6,429)	(32,136)	(4,000)	(2,719)	(31,207)	(9,615)
Increase (decrease) in accruals	1,877	(7,265)	-	-	-	-	-
Total adjustments	<u>165,410</u>	<u>249,352</u>	<u>755</u>	<u>(14,752)</u>	<u>(8,310)</u>	<u>20,865</u>	<u>(9,615)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 309,746</u>	<u>\$ 31,220</u>	<u>\$ (2,236)</u>	<u>\$ (2,453)</u>	<u>\$ (36,451)</u>	<u>\$ 47,479</u>	<u>\$ (146,092)</u>

See accompanying notes to financial statements.

Unemploy- ment Com- pensation Fund	Totals	
	2004	2003
\$ -	\$1,386,501	\$1,127,541
-	1,538,062	1,603,757
(200)	(746,153)	(803,097)
-	(258,373)	(254,240)
<u>(9,339)</u>	<u>(1,728,363)</u>	<u>(1,570,395)</u>
<u>(9,539)</u>	<u>191,674</u>	<u>103,566</u>
-	(170,000)	(3,832,000)
-	(121,870)	(232,453)
-	(159,654)	(244,926)
-	-	1,611
<u>-</u>	<u>-</u>	<u>3,880,000</u>
<u>-</u>	<u>(451,524)</u>	<u>(427,768)</u>
<u>14,324</u>	<u>109,851</u>	<u>57,462</u>
4,785	(149,999)	(266,740)
<u>405,726</u>	<u>3,266,600</u>	<u>3,533,340</u>
<u>\$ 410,511</u>	<u>\$3,116,601</u>	<u>\$3,266,600</u>
<u>\$ (11,884)</u>	<u>\$ (214,376)</u>	<u>\$ (316,771)</u>
-	458,011	472,688
-	38,886	(44,746)
2,345	(85,459)	(8,214)
<u>-</u>	<u>(5,388)</u>	<u>609</u>
<u>2,345</u>	<u>406,050</u>	<u>420,337</u>
<u>\$ (9,539)</u>	<u>\$ 191,674</u>	<u>\$ 103,566</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

ESCANABA BUILDING AUTHORITY FUND
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
ASSETS:		
Current assets:		
Cash and equivalents	\$ -	\$ 8,987
Investments, at market	367,621	330,470
Receivables:		
Accrued interest	3,024	3,326
Prepaid expenses	<u>59,964</u>	<u>63,121</u>
Total current assets	<u>430,609</u>	<u>405,904</u>
Property, plant and equipment:		
Property, plant and equipment	7,375,668	7,375,669
Less accumulated depreciation	<u>(1,713,378)</u>	<u>(1,551,304)</u>
Net property, plant and equipment	<u>5,662,290</u>	<u>5,824,365</u>
TOTAL ASSETS	<u>\$ 6,092,899</u>	<u>\$ 6,230,269</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 1,213	\$ 2,911
Accrued salaries, wages and fringes	8,891	7,014
Accrued interest payable	47,728	20,102
Bonds payable	<u>150,000</u>	<u>170,000</u>
Total current liabilities	<u>207,832</u>	<u>200,027</u>
Long-term liabilities:		
Bonds payable	<u>3,560,000</u>	<u>3,710,000</u>
TOTAL LIABILITIES	<u>3,767,832</u>	<u>3,910,027</u>
NET ASSETS:		
Invested in capital assets, net of related debt	1,952,290	1,944,365
Unrestricted	<u>372,777</u>	<u>375,877</u>
TOTAL NET ASSETS	<u>2,325,067</u>	<u>2,320,242</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,092,899</u>	<u>\$ 6,230,269</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

ESCANABA BUILDING AUTHORITY FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

June 30, 2005 and 2004

	June 30	
	2005	2004
OPERATING REVENUES:		
Miscellaneous	\$ 475,476	\$ 503,785
OPERATING EXPENSES:		
General government:		
Salaries and wages	60,200	76,979
Fringe benefits	11,493	14,053
Overhead on salaries and wages	11,799	14,713
Travel expenses	78	-
Professional services	1,215	50,034
Public utilities	53,884	51,178
Insurance and bonds	8,267	8,466
Supplies	2,219	1,721
Building supplies	6,677	7,542
Equipment rental	1,127	1,972
Equipment maintenance	3,610	3,090
Education and training	36	-
Telephone	2,673	2,304
Christmas Tree	146	77
Capital projects:		
Construction	5,642	5,444
Provision for depreciation	162,074	176,080
TOTAL OPERATING EXPENSES	331,140	413,653
OPERATING INCOME	144,336	90,132
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	(2,407)	(7,729)
Interest earnings	12,392	13,183
Interest expense	(149,496)	(252,555)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(139,511)	(247,101)
CHANGE IN NET ASSETS	4,825	(156,969)
Net assets, beginning of year	2,320,242	2,477,211
NET ASSETS, END OF YEAR	\$ 2,325,067	\$ 2,320,242

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

ESCANABA BUILDING AUTHORITY FUND
SCHEDULE OF BOND PRINCIPAL AND INTEREST MATURITIES

June 30, 2005

City of Escanaba, Escanaba Building Authority -
City Hall/Library Bond Dated May 11, 2004

		Principal	Interest	Total
September 1, 2005	2.00%	\$ -	\$ 71.984	\$ 71.984
March 1, 2006	2.25%	150,000	71.984	221.984
September 1, 2006	2.25%	-	70.296	70.296
March 1, 2007	2.50%	150,000	70.296	220.296
September 1, 2007	2.50%	-	68.421	68.421
March 1, 2008	2.75%	150,000	68.421	218.421
September 1, 2008	2.75%	-	66.359	66.359
March 1, 2009	3.125%	160,000	66.359	226.359
September 1, 2009	3.125%	-	63.859	63.859
March 1, 2010	3.375%	160,000	63.859	223.859
September 1, 2010	3.375%	-	61.159	61.159
March 1, 2011	3.50%	170,000	61.159	231.159
September 1, 2011	3.50%	-	58.184	58.184
March 1, 2012	3.75%	175,000	58.184	233.184
September 1, 2012	3.75%	-	54.902	54.902
March 1, 2013	4.00%	180,000	54.902	234.902
September 1, 2013	4.00%	-	51.302	51.302
March 1, 2014	3.80%	190,000	51.302	241.302
September 1, 2014	3.80%	-	47.692	47.692
March 1, 2015	4.00%	195,000	47.692	242.692
September 1, 2015	4.00%	-	43.792	43.792
March 1, 2016	4.00%	205,000	43.792	248.792
September 1, 2016	4.00%	-	39.693	39.693
March 1, 2017	4.10%	215,000	39.693	254.693
September 1, 2017	4.10%	-	35.285	35.285
March 1, 2018	4.20%	220,000	35.285	255.285
September 1, 2018	4.20%	-	30.665	30.665
March 1, 2019	4.30%	225,000	30.665	255.665
September 1, 2019	4.30%	-	25.827	25.827
March 1, 2020	4.30%	235,000	25.827	260.827
September 1, 2020	4.30%	-	20.775	20.775
March 1, 2021	4.40%	250,000	20.775	270.775
September 1, 2021	4.40%	-	15.275	15.275
March 1, 2022	4.40%	260,000	15.275	275.275
September 1, 2022	4.40%	-	9.555	9.555
March 1, 2023	4.55%	270,000	9.555	279.555
September 1, 2023	4.55%	-	3.413	3.413
March 1, 2024	4.55%	150,000	3.414	153.414
		<u>\$3,710,000</u>	<u>\$1,676,877</u>	<u>\$5,386,877</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN
MOTOR VEHICLE EQUIPMENT FUND
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 969,084	\$ 1,012,557
Receivables:		
Accrued interest	<u>9,621</u>	<u>11,089</u>
Total current assets	<u>978,705</u>	<u>1,023,646</u>
Property, plant and equipment:		
Property, plant and equipment	4,641,565	4,589,256
Less accumulated depreciation	<u>(3,457,822)</u>	<u>(3,251,743)</u>
Net property, plant and equipment	<u>1,183,743</u>	<u>1,337,513</u>
TOTAL ASSETS	<u>\$ 2,162,448</u>	<u>\$ 2,361,159</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 5,755	\$ 12,184
Accrued salaries, wages and fringes	<u>23,035</u>	<u>30,300</u>
TOTAL LIABILITIES	<u>28,790</u>	<u>42,484</u>
NET ASSETS:		
Invested in capital assets, net of related debt	1,183,743	1,337,513
Unrestricted	<u>949,915</u>	<u>981,162</u>
TOTAL NET ASSETS	<u>2,133,658</u>	<u>2,318,675</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,162,448</u>	<u>\$ 2,361,159</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN
MOTOR VEHICLE EQUIPMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Equipment rental	\$ 748,411	\$ 770,438
Miscellaneous:		
Insurance reimbursements	<u>-</u>	<u>155</u>
TOTAL OPERATING REVENUES	<u>748,411</u>	<u>770,593</u>
OPERATING EXPENSES:		
General government:		
Salaries and wages	110,892	102,271
Fringe benefits	70,400	61,546
Supplies	13,510	12,919
Building supplies	2,207	2,643
Professional services	1,000	950
Communication	1,171	1,149
Printing & publishing	35	215
Insurance & bonds	36,622	34,073
Public utilities	36,923	38,872
Capital outlay - equipment	520	-
Uniform maintenance	664	520
Building maintenance	10,102	9,253
Equipment maintenance	390,234	425,250
Equipment rental	23,187	20,968
Office expense	112	244
Miscellaneous	5,770	5,739
Education and training	148	37
Provision for depreciation	<u>263,046</u>	<u>269,254</u>
TOTAL OPERATING EXPENSES	<u>966,543</u>	<u>985,903</u>
OPERATING INCOME (LOSS)	<u>(218,132)</u>	<u>(215,310)</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	(8,048)	(29,564)
Gain (loss) on sale of equipment	1,139	853
Interest earnings	<u>40,024</u>	<u>44,143</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>33,115</u>	<u>15,432</u>
CHANGE IN NET ASSETS	(185,017)	(199,878)
Net assets, beginning of year	<u>2,318,675</u>	<u>2,518,553</u>
NET ASSETS, END OF YEAR	<u>\$ 2,133,658</u>	<u>\$ 2,318,675</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

MOTOR VEHICLE EQUIPMENT FUND
SCHEDULE OF CHANGES IN EQUIPMENT

For the year ended June 30, 2005

Unit Number	Description	Balance 06/30/04	Additions	Retirements	Balance 06/30/05
1	1960 Duplex Snowblower	\$ 12.000	\$ -	\$ -	\$ 12.000
3	1987 White Laser Level	5.695	-	-	5.695
4	Homelite Power Blower	940	-	-	940
5	Hydraulic Hammer	1.918	-	-	1.918
7	Eager Beaver Model 200 Chipper	11.440	-	-	11.440
8	2000 Trackless 51" Snowblower	5.540	-	-	5.540
9	Hydrosander Pressure Washer	2.425	-	-	2.425
10	Tennant Model 480 Sweeper	11.703	-	-	11.703
12	1987 Ski-Doo Alpine Snowmobile	5.250	-	-	5.250
13	Dew-Eze 72" All-Terrain Mower	28.815	-	-	28.815
14	2003 Chevrolet 3/4 Ton Pickup	16.982	-	-	16.982
19	1991 Ford One-Ton Welder Pickup	14.290	-	-	14.290
21	1987 Chevrolet 4x4 Pickup	11.375	-	-	11.375
22	1990 Ford Ranger Pickup	12.023	-	-	12.023
24	2005 GMC 4x2 Pickup	-	14.495	-	14.495
25	2000 Ford F-150 Pickup	15.812	-	-	15.812
26	2000 Chevrolet Extended Cab Pickup	15.515	-	-	15.515
28	2003 MT5 Trackless with Duals	63.177	-	-	63.177
30	1991 Trackless Municipal Tractor	47.060	-	-	47.060
37	2003 Chevrolet 3/4 Ton 4x4 Pickup	19.539	-	-	19.539
40	1992 Sauber model 4500 Pole Trailer	9.050	-	-	9.050
41	1979 International Bulldozer	42.780	-	-	42.780
44	1992 MB Traffic Striper	1.724	-	-	1.724
45	1993 John Deere 7100 Backhoe	73.628	-	-	73.628
46	1992 Ford F-150 Pickup	11.080	-	-	11.080
47	1989 Ford F-350 Pickup	11.935	-	-	11.935
49	1984 Clark Forklift	26.747	-	-	26.747
50	1986 Ford 755a Tractor/Backhoe	55.168	-	-	55.168
51	1990 Ford F-150 4x4 Pickup	16.277	-	-	16.277
52	1993 Ford F-150 Pickup	15.670	-	-	15.670
53	1993 Ford F-250 Pickup	15.120	-	-	15.120
54	2000 Chevrolet Impala	18.895	-	-	18.895
56	1995 Ford F-800 Garbage Truck	117.114	-	-	117.114
57	2000 Ford LT 7500 Garbage Truck	129.282	-	-	129.282
58	2003 168" Rotary Mower	8.150	-	-	8.150
59	1990 Ford C8000 Garbage Truck	53.401	-	-	53.401
60	1992 Ford LTS8000 Garbage Truck	96.926	-	-	96.926
64	1990 Wyco Vibrator	1.753	-	-	1.753
66	1984 18" Sod Cutter	1.889	-	-	1.889
67	1983 EC 185 DM Econoline Concrete Saw	3.800	-	-	3.800
68	1984 Wacker Rammer	1.862	-	-	1.862
69	2000 14" Stihl Cutoff Saw	810	-	-	810
71	1991 Haybuster Model IG-10 Tub Grinder	63.983	-	-	63.983
73	Model HM35DI Compost Screener	57.300	-	-	57.300
74	1987 Dresser Model A-500E Grader	66.276	-	-	66.276
75	1989 New Holland Model 710 Leaf Loader	25.075	-	25.075	-
76	1997 Sreco Jet Rodder	20.650	-	-	20.650
77	1978 Cleaver Brooks Steamer	11.150	-	-	11.150
78	1990 Ford C8000 Vacuum Truck	102.579	-	-	102.579
79	1991 Ford LNT 9000 Tractor	22.660	-	-	22.660
80	1985 Fiat Front End Loader	59.638	-	-	59.638
81	2001 Komatsu Front End Loader	109.995	-	-	109.995
82	2003 Power Angling Broom	4.360	-	-	4.360
83	1989 Fiat-Allis Front-end Loader	57.489	-	-	57.489
84	1996 International Dump Truck	53.842	-	-	53.842
	Balance carried forward	\$ 1,669,557	\$ 14,495	\$ 25,075	\$ 1,658,977

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

MOTOR VEHICLE EQUIPMENT FUND
SCHEDULE OF CHANGES IN EQUIPMENT

For the year ended June 30, 2005

Unit Number	Description	Balance 06/30/04	Additions	Retirements	Balance 06/30/05
	Balance brought forward.	\$ 1,669,557	\$ 14,495	\$ 25,075	\$ 1,658,977
85	1992 Ford 8000 Dump Truck	43,667	-	-	43,667
86	CPS End-Dump Trailer	25,935	-	-	25,935
87	1989 International Dump Truck	45,631	-	-	45,631
88	2001 Vac-All Street Sweeper	152,609	-	-	152,609
90	1965 Galion Compactor	8,250	-	-	8,250
92	2001 Sterling Dump Truck	82,697	-	-	82,697
93	2002 Sterling Dump Truck	71,700	-	-	71,700
95	2000 Ford Dump Truck w/Plow	69,693	-	-	69,693
96	1979 J.D. 670 A Grader	50,202	-	-	50,202
98	1985 Galion S-500E Grader	66,897	-	-	66,897
99/100	1989 Ford L-8000 Dump Truck	46,401	-	-	46,401
101	1987 John Deere Model 755 Tractor	12,045	-	-	12,045
105	John Deere F925 Front Mount Mower	12,988	-	-	12,988
106	1978 Griffith Well Point Pump	24,068	-	-	24,068
107	1974 Kentucky Trailer	3,000	-	-	3,000
108	2001 Sterling Sewer Cleaner	134,550	-	-	134,550
109	1997 Ford F-250 4x4 PU W/Boss Plow	22,530	-	-	22,530
111	1995 Ford Sludge Hauling Tanker	72,220	-	-	72,220
112	1999 Chevrolet Suburban	27,575	-	-	27,575
113	2005 Freightliner MZ-60 Sludge Truck	103,134	-	-	103,134
114	Kifco Water Irrigation Reel	-	10,190	-	10,190
115	1978 Griffith Well Points	3,769	-	-	3,769
116	1984 MB Traffic Striper	10,500	-	-	10,500
117	1992 Ford F-250 Pickup	14,781	-	-	14,781
118	1992 Ford F-250 4x4 Pickup W/Dump	16,408	-	-	16,408
119	1993 John Deere Model F725 Mower	8,255	-	-	8,255
120	1996 Ford 1 Ton Pickup	19,649	-	-	19,649
121	1999 Ford F-350 Pickup	26,028	-	-	26,028
122	1998 Ford Cargo Van	20,437	-	-	20,437
124	1982 Ingersol-Rand Air Compressor	11,290	-	-	11,290
125	1989 Lincoln Arc Welder	2,360	-	-	2,360
127	1987 Ingersol-Rand Air Compressor	10,062	-	-	10,062
128	1999 Ford F-150 Pickup	14,588	-	-	14,588
129	1999 Chevrolet 4x4 Pickup	26,678	-	-	26,678
130	1999 Ford F-250 3/4 Ton W/Service Body	20,454	-	-	20,454
131	1992 Jacobsen 720 Lawn Sweeper	4,895	-	-	4,895
132	1993 Ford E - 350 Pickup	24,388	-	-	24,388
133	1989 Griffin Dewatering Pump	10,500	-	-	10,500
134	1982 Double Diaphragm Pump	4,235	-	-	4,235
137	Trailer	300	-	-	300
137A	1997 Sicard Model 2200M Snowblower	61,740	-	-	61,740
140	Wacker Hydrostatic Vibratory Roller	21,147	-	-	21,147
141	Cutquick Concrete Saw	680	-	-	680
142	Plate Type Vibratory Compactor	6,225	-	-	6,225
148	Chrysler 4" Trash Pump	200	-	200	-
149	1990 Lely Material Spreader	3,167	-	-	3,167
150	Paving Forms	1,136	-	-	1,136
151	Material Spreader	5,978	-	-	5,978
155	Hiniker Model 10 Spreader	4,420	-	-	4,420
158	Plate Type Vibratory Compactor	1,792	-	-	1,792
159	8 Cubic Foot Mortar Mixer	2,287	-	-	2,287
160	1984 Stone Mortar Mixer	1,340	-	-	1,340
161	Lamborghini 4" Trash Pump	7,280	-	-	7,280
162	1999 Lowboy Semi-Trailer	21,458	-	-	21,458
164	2000 John Deere 200LC Excavator	139,375	-	-	139,375
165	1992 Trackless 168" Rotary Mower	5,678	-	-	5,678
166	Tandem 6' x 14' Trailer	1,525	-	-	1,525
	Balance carried forward	\$ 3,280,354	\$ 24,685	\$ 25,275	\$ 3,279,764

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

MOTOR VEHICLE EQUIPMENT FUND
SCHEDULE OF CHANGES IN EQUIPMENT

For the year ended June 30, 2005

Unit Number	Description	Balance 06/30/04	Additions	Retirements	Balance 06/30/05
	Balance brought forward	\$ 3,280,354	\$ 24,685	\$ 25,275	\$ 3,279,764
170	Excavation Shoring System	24,678	-	-	24,678
170A	1956 Hi-Way Pole Trailer	1,076	-	-	1,076
172	1999 Dodge Intrepid 4 Door	19,071	-	-	19,071
173	1993 Chevrolet Lumina 4 Door	14,100	-	-	14,100
174	1998 Dodge Minivan	17,002	-	-	17,002
176	Weed Harvester	29,153	-	-	29,153
177	John Deere F925 Front Mount Mower	12,111	-	-	12,111
178	20 HP Cub Cadet Mower	4,177	-	-	4,177
179	2001 Ford F-250 Pickup	26,041	-	-	26,041
180	2003 Chevrolet 3/4 Ton Pickup with Plow	21,954	-	-	21,954
181	2005 Ford Taurus	-	15,378	-	15,378
185	Patching Trailer	966	-	-	966
190	1997 Jeep Cherokee	21,488	-	-	21,488
191	2005 Chevrolet Tahoe	-	31,416	-	31,416
192	2005 Chevrolet Impala	-	25,761	-	25,761
194	1998 Ford Crown Victoria Squad Car	21,122	-	21,122	-
195	1998 Ford Crown Victoria Squad Car	21,121	-	-	21,121
200	1993 Chevy Lumina	7,263	-	7,263	-
202	1973 Dodge Power Wagon	7,419	-	7,419	-
203	1986 Chevrolet 5/4 Ton 4x4 Grass Truck	3,323	14,200	-	17,523
204	1992 Pierce Pumper Truck	179,674	-	-	179,674
205	1983 FMC Fire Truck	233,833	-	-	233,833
220	2000 Chevrolet Malibu	14,748	-	-	14,748
221	2000 Chevrolet Malibu	14,749	-	-	14,749
222	2001 Chevrolet Impala	20,164	-	-	20,164
223	2001 Chevrolet Impala	20,164	-	-	20,164
225	2001 Chevrolet Tahoe	27,852	-	-	27,852
226	2003 Chevrolet Impala	20,765	-	-	20,765
227	2003 Chevrolet Impala	20,766	-	-	20,766
228	2005 Chevrolet Impala	21,594	-	-	21,594
229	2005 Chevrolet Impala	21,594	-	-	21,594
230	2005 Chevrolet Impala	21,594	-	-	21,594
345	Snow Body Insert	7,190	-	-	7,190
346	Snow Body Insert	7,415	-	-	7,415
347	Snow Body Insert	7,415	-	-	7,415
348	Snow Body Insert	7,415	-	-	7,415
349	Snow Body Insert	7,415	-	-	7,415
555	Underground Pipe TV inspection system	52,629	-	-	52,629
	Communications System	248,855	4,080	2,132	250,803
	Total Rental Units	\$ 4,488,250	\$ 115,520	\$ 63,211	\$ 4,540,559
	Non-rental Units				
	Miller Welder w/Auto Feed	\$ 2,720	\$ -	\$ -	\$ 2,720
	Sun Auto Analyzer	7,020	-	-	7,020
	Sioux Steamer/Washer	6,438	-	-	6,438
	Torch	100	-	-	100
	Air Wrench	125	-	-	125
	Two-Ton Floor Jack	170	-	-	170
	Chain Ratchet	264	-	-	264
	Racks	143	-	-	143
	Sander	94	-	-	94
	Balance carried forward	\$ 17,074	\$ -	\$ -	\$ 17,074

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

MOTOR VEHICLE EQUIPMENT FUND
SCHEDULE OF CHANGES IN EQUIPMENT

For the year ended June 30, 2005

Unit Number	Description	Balance 06/30/04	Additions	Retirements	Balance 06/30/05
	Balance brought forward.	\$ 17,074	\$ -	\$ -	\$ 17,074
	Lights	543	-	-	543
	Grainger Battery Tester	123	-	-	123
	Schonstedt G.A. 528 Locator	585	-	-	585
	Air Hammer, Ratchet	129	-	-	129
	Spray Gun	244	-	-	244
	Brake Bleeding Tool	125	-	-	125
	Stud Gun	112	-	-	112
	7" Sander	160	-	-	160
	Miller Douzall	156	-	-	156
	Wood Surfacar	250	-	-	250
	Gas Tanks	37,829	-	-	37,829
	Stigers 16' Tandem Trailer	1,365	-	-	1,365
	Gasoline Tank Installation	9,068	-	-	9,068
	Air Compressor	2,009	-	-	2,009
	Crow's Feet	175	-	-	175
	Weather Master	435	-	-	435
	Transmission Repair Kit	441	-	-	441
	Electronic Tachometer	255	-	-	255
	Air Wrench	369	-	-	369
	Milwaukee 9" Sander	149	-	-	149
	Fleet Maintenance Software	3,390	-	-	3,390
	Softek 386 Computer	2,090	-	-	2,090
	3 Tap and Die sets	552	-	-	552
	Ford Basic Scan system	879	-	-	879
	Milleromatic 250 welder	1,425	-	-	1,425
	Gasboy 1000 Interface	750	-	-	750
	Floor Jack	2,060	-	-	2,060
	Tool & Die Set	373	-	-	373
	Tire Changer	2,999	-	-	2,999
	3 Magitronic Pentium 200 MGHZ Computers	794	-	-	794
	One-Third of the Softek Network Server	1,831	-	-	1,831
	Bluestar 6000 Welder	2,057	-	-	2,057
	Purox Trademaster	525	-	-	525
	2 Submersible Pumps	1,441	-	-	1,441
	Transmission Jack	342	-	-	342
	Fleet Software	1,495	-	-	1,495
	Printers/3 17" Monitors	1,485	-	-	1,485
	12 Volt Fuel Pump	254	-	-	254
	3/4" Impact Wrench	375	-	-	375
	MCR 500 Digital Battery Electric System	665	-	-	665
	3 AMD XP 1600 1.4 GHZ Computers	2,408	-	-	2,408
	10 Ton Hydraulic Porta-Power	250	-	-	250
	Fuel Injector Repair Kit	379	-	-	379
	Scanning Unit Plug-In	591	-	-	591
	Total Non-rental Units	101,006	-	-	101,006
	TOTALS	\$ 4,589,256	\$ 115,520	\$ 63,211	\$ 4,641,565

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

OFFICE EQUIPMENT FUND
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2005 and 2004

	June 30	
	2005	2004
ASSETS:		
Current assets:		
Investments, at market	\$ 61,322	\$ 111,853
Receivables:		
Accrued interest	<u>703</u>	<u>1,333</u>
Total current assets	<u>62,025</u>	<u>113,186</u>
Property, plant and equipment:		
Property, plant and equipment	299,333	279,081
Less accumulated depreciation	<u>(155,061)</u>	<u>(153,435)</u>
Net property, plant and equipment	<u>144,272</u>	<u>125,646</u>
TOTAL ASSETS	<u>\$ 206,297</u>	<u>\$ 238,832</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ (436)	\$ 31,700
NET ASSETS:		
Invested in capital assets, net of related debt	144,272	125,646
Unrestricted	<u>62,461</u>	<u>81,486</u>
TOTAL NET ASSETS	<u>206,733</u>	<u>207,132</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 206,297</u>	<u>\$ 238,832</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

OFFICE EQUIPMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Equipment rental	<u>\$ 50,594</u>	<u>\$ 51,133</u>
OPERATING EXPENSES:		
General government:		
Equipment maintenance	20,694	23,115
Provision for depreciation	<u>32,891</u>	<u>27,354</u>
TOTAL OPERATING EXPENSES	<u>53,585</u>	<u>50,469</u>
OPERATING INCOME (LOSS)	<u>(2,991)</u>	<u>664</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	(952)	(3,803)
Gain (loss) on sale of equipment	-	(10)
Interest earnings	<u>3,544</u>	<u>5,417</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>2,592</u>	<u>1,604</u>
CHANGE IN NET ASSETS	<u>(399)</u>	<u>2,268</u>
Net assets, beginning of year	<u>207,132</u>	<u>204,864</u>
NET ASSETS, END OF YEAR	<u>\$ 206,733</u>	<u>\$ 207,132</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

OFFICE EQUIPMENT FUND
SCHEDULE OF CHANGES IN EQUIPMENT

For the year ended June 30, 2005

	<u>Balance</u> <u>06/30/04</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>06/30/05</u>
Network system	\$ 51,096	\$ 44,673	\$ 24,944	\$ 70,825
Controller	14,406	520	1,037	13,889
Engineer	16,677	-	-	16,677
Clerk	27,546	-	-	27,546
Personnel	5,287	-	-	5,287
City Manager	3,860	-	126	3,734
Building and Housing Inspection	-	2,712	-	2,712
Treasurer/Utility	89,591	12,017	10,000	91,608
Bay Computer - Shared Equipment	18,507	-	880	17,627
Assessor	5,673	-	-	5,673
Recreation	499	-	-	499
Purchasing	-	1,595	-	1,595
Library	4,028	-	4,028	-
LAN Administration	7,755	-	250	7,505
Public Safety	<u>34,156</u>	<u>-</u>	<u>-</u>	<u>34,156</u>
 TOTALS	 <u>\$ 279,081</u>	 <u>\$ 61,517</u>	 <u>\$ 41,265</u>	 <u>\$ 299,333</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

RISK RETENTION FUND
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 79,424	\$ 77,386
Receivables:		
Accrued interest	856	815
Prepaid expenses	<u>27,532</u>	<u>16,780</u>
TOTAL ASSETS	<u>\$ 107,812</u>	<u>\$ 94,981</u>
LIABILITIES:		
Current liabilities:		
Claims payable	\$ -	\$ 4,000
NET ASSETS:		
Unrestricted	<u>107,812</u>	<u>90,981</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 107,812</u>	<u>\$ 94,981</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

RISK RETENTION FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Provision for self insurance	<u>\$ 177,008</u>	<u>\$ 188,752</u>
OPERATING EXPENSES:		
General government:		
Insurance premiums	163,915	154,646
Administrative costs	300	250
Claims paid	<u>494</u>	<u>(3,592)</u>
TOTAL OPERATING EXPENSES	<u>164,709</u>	<u>151,304</u>
OPERATING INCOME	<u>12,299</u>	<u>37,448</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	(559)	(1,260)
Interest earnings	<u>5,091</u>	<u>4,006</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>4,532</u>	<u>2,746</u>
CHANGE IN NET ASSETS	16,831	40,194
Net assets, beginning of year	<u>90,981</u>	<u>50,787</u>
NET ASSETS, END OF YEAR	<u>\$ 107,812</u>	<u>\$ 90,981</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN
DENTAL FUND
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 14,949	\$ 50,275
Receivables:		
Accrued interest	182	579
Prepaid expenses	-	409
Cash on deposit	<u>12,000</u>	<u>6,000</u>
TOTAL ASSETS	<u>\$ 27,131</u>	<u>\$ 57,263</u>
LIABILITIES:		
Current liabilities:		
Claims payable	<u>\$ 24,251</u>	<u>\$ 26,970</u>
NET ASSETS:		
Unrestricted	<u>2,880</u>	<u>30,293</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 27,131</u>	<u>\$ 57,263</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

DENTAL FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

June 30, 2005 and 2004

	June 30	
	2005	2004
OPERATING REVENUES:		
City's contribution for employees	\$ 86,573	\$ 89,494
OPERATING EXPENSES:		
General government:		
Dental benefits	109,732	117,410
Professional services	4,982	5,158
TOTAL OPERATING EXPENSES	114,714	122,568
OPERATING INCOME (LOSS)	(28,141)	(33,074)
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	(412)	(1,772)
Interest earnings	1,140	2,407
TOTAL NON-OPERATING REVENUES (EXPENSES)	728	635
CHANGE IN NET ASSETS	(27,413)	(32,439)
Net assets, beginning of year	30,293	62,732
NET ASSETS, END OF YEAR	\$ 2,880	\$ 30,293

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

HEALTH INSURANCE FUND
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2005 and 2004

	June 30	
	<u>2005</u>	<u>2004</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 47,479	\$ -
Receivables:		
Accounts, net of bad debt allowance	-	54,019
Due from other funds:		
Grants Fund	33	-
Prepaid expenses	101,523	99,609
Cash on deposit	<u>19,375</u>	<u>19,375</u>
TOTAL ASSETS	<u>\$ 168,410</u>	<u>\$ 173,003</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 67,149	\$ 63,396
Due to other funds	<u>-</u>	<u>34,960</u>
TOTAL LIABILITIES	<u>67,149</u>	<u>98,356</u>
NET ASSETS:		
Unrestricted	<u>101,261</u>	<u>74,647</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 168,410</u>	<u>\$ 173,003</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

HEALTH INSURANCE FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

June 30, 2005 and 2004

	June 30	
	2005	2004
OPERATING REVENUES:		
Retiree contributions	\$ 113,294	\$ 102,484
Cobra contributions	43,252	46,282
City's contribution for employees	1,170,542	1,028,444
Employee insurance co-pay	5,427	4,350
TOTAL OPERATING REVENUES	<u>1,332,515</u>	<u>1,181,560</u>
OPERATING EXPENSES:		
General government:		
Life and hospital insurance	(79)	(996)
Insurance premiums	1,069,112	919,792
Administrative costs	39,679	35,199
Claims paid	196,589	200,107
Professional services	600	500
TOTAL OPERATING EXPENSES	<u>1,305,901</u>	<u>1,154,602</u>
CHANGE IN NET ASSETS	26,614	26,958
Net assets, beginning of year	<u>74,647</u>	<u>47,689</u>
NET ASSETS, END OF YEAR	<u>\$ 101,261</u>	<u>\$ 74,647</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN
WORKER'S COMPENSATION FUND
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 1,166,211	\$ 1,269,346
Receivables:		
Accrued interest	<u>12,246</u>	<u>14,731</u>
TOTAL ASSETS	<u>\$ 1,178,457</u>	<u>\$ 1,284,077</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 7,540	\$ 17,155
Claims payable	<u>325,000</u>	<u>325,000</u>
TOTAL LIABILITIES	<u>332,540</u>	<u>342,155</u>
NET ASSETS:		
Unrestricted	<u>845,917</u>	<u>941,922</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,178,457</u>	<u>\$ 1,284,077</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**WORKER'S COMPENSATION FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS**

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
OPERATING REVENUES	\$ <u>-</u>	\$ <u>-</u>
OPERATING EXPENSES:		
General government:		
Travel expenses	-	423
Benefits	122,178	202,218
Professional services	11,036	13,286
Insurance & bonds	923	544
Miscellaneous	2,340	3,274
TOTAL OPERATING EXPENSES	<u>136,477</u>	<u>219,745</u>
OPERATING INCOME (LOSS)	<u>(136,477)</u>	<u>(219,745)</u>
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	(10,615)	(45,028)
Interest earnings	<u>51,087</u>	<u>58,546</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>40,472</u>	<u>13,518</u>
CHANGE IN NET ASSETS	(96,005)	(206,227)
Net assets, beginning of year	<u>941,922</u>	<u>1,148,149</u>
NET ASSETS, END OF YEAR	<u>\$ 845,917</u>	<u>\$ 941,922</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN
UNEMPLOYMENT COMPENSATION FUND
COMPARATIVE STATEMENT OF NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
ASSETS:		
Current assets:		
Investments, at market	\$ 410,511	\$ 405,726
Receivables:		
Accrued interest	<u>4,224</u>	<u>4,441</u>
TOTAL ASSETS	<u>\$ 414,735</u>	<u>\$ 410,167</u>
LIABILITIES:		
Current liabilities:		
Claims payable	<u>\$ 5,411</u>	<u>\$ 3,066</u>
NET ASSETS:		
Unrestricted	<u>409,324</u>	<u>407,101</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 414,735</u>	<u>\$ 410,167</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

UNEMPLOYMENT COMPENSATION FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS

June 30, 2005 and 2004

	June 30	
	2005	2004
OPERATING REVENUES	\$ -	\$ -
OPERATING EXPENSES:		
General government:		
Professional services	200	200
Unemployment compensation	11,684	3,644
TOTAL OPERATING EXPENSES	11,884	3,844
OPERATING INCOME (LOSS)	(11,884)	(3,844)
NON-OPERATING REVENUES (EXPENSES):		
Gain (loss) on sale of investments	(3,184)	(12,004)
Interest earnings	17,291	17,244
TOTAL NON-OPERATING REVENUES (EXPENSES)	14,107	5,240
CHANGE IN NET ASSETS	2,223	1,396
Net assets, beginning of year	407,101	405,705
NET ASSETS, END OF YEAR	\$ 409,324	\$ 407,101

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

GAS RETIREMENT FUND
COMPARATIVE BALANCE SHEET

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
ASSETS:		
Investments. at market	\$ 1,161,635	\$ 1,192,527
Receivables:		
Accrued interest	<u>12,653</u>	<u>13,565</u>
TOTAL ASSETS	<u>\$ 1,174,288</u>	<u>\$ 1,206,092</u>
FUND BALANCES:		
Reserved for:		
Principal	\$ 989,349	\$ 989,349
Capital improvements	<u>184,939</u>	<u>216,743</u>
TOTAL FUND BALANCES	<u>\$ 1,174,288</u>	<u>\$ 1,206,092</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

GAS RETIREMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE

For the year ended June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
REVENUES:		
Interest and dividends	<u>\$ 51,265</u>	<u>\$ 52,320</u>
OTHER FINANCING SOURCES (USES):		
Gain (loss) on sale of investments	(9,624)	(35,869)
Operating transfers out:		
Local Street Fund	<u>(73,445)</u>	<u>(53,959)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(83,069)</u>	<u>(89,828)</u>
EXCESS REVENUES (OTHER FINANCING USES)	(31,804)	(37,508)
Fund balance, beginning of year	<u>1,206,092</u>	<u>1,243,600</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,174,288</u>	<u>\$ 1,206,092</u>

See accompanying notes to financial statements.

FIDUCIARY FUNDS

CITY OF ESCANABA, MICHIGAN
PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2005 and 2004

	Catherine Bonifas Trust Fund	Bezold Trust Fund	<u>Totals</u>	
			<u>2005</u>	<u>2004</u>
ASSETS:				
Investments, at market	\$ 112.607	\$ 267.379	\$ 379.986	\$ 108.750
Receivables:				
Accrued interest	<u>1.152</u>	<u>2.763</u>	<u>3.915</u>	<u>1.179</u>
TOTAL ASSETS	<u>\$ 113.759</u>	<u>\$ 270.142</u>	<u>\$ 383.901</u>	<u>\$ 109.929</u>
LIABILITIES:				
Accounts payable	\$ -	\$ 1.075	\$ 1.075	\$ -
NET ASSETS:				
Reserved for:				
Bonifas Trust Fund	113.759	-	113.759	109.929
Bezold Trust Fund	<u>-</u>	<u>269.067</u>	<u>269.067</u>	<u>-</u>
TOTAL NET ASSETS	<u>113.759</u>	<u>269.067</u>	<u>382.826</u>	<u>109.929</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 113.759</u>	<u>\$ 270.142</u>	<u>\$ 383.901</u>	<u>\$ 109.929</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN
FIDUCIARY NET ASSETS

For the years ended June 30, 2005 and 2004

	Catherine Bonifas Trust Fund	Bezold Trust Fund	<u>Totals</u>	
			2005	2004
REVENUES:				
Miscellaneous:				
Interest earnings	\$ 4.675	\$ 11.391	\$ 16.066	\$ 4.715
EXPENDITURES:				
Cultural:				
Books, magazines & periodicals	-	7.748	7.748	-
EXCESS REVENUES	4.675	3.643	8.318	4.715
OTHER FINANCING SOURCES (USES):				
Gain (loss) on sale of investments	(845)	(201)	(1,046)	(2,976)
Operating transfers in	-	265.625	265.625	-
Operating transfers out	-	-	-	(14,941)
TOTAL OTHER FINANCING SOURCES (USES)	(845)	265,424	264,579	(17,917)
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	3.830	269.067	272.897	(13,202)
Net assets, beginning of year	109.929	-	109.929	123,131
NET ASSETS, END OF YEAR	\$ 113.759	\$ 269.067	\$ 382.826	\$ 109,929

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

CATHERINE BONIFAS TRUST FUND
COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2005 and 2004

	June 30	
	<u>2005</u>	<u>2004</u>
ASSETS:		
Investments. at market	\$ 112,607	\$ 108,750
Receivables:		
Accrued interest	<u>1,152</u>	<u>1,179</u>
TOTAL ASSETS	<u>\$ 113,759</u>	<u>\$ 109,929</u>
NET ASSETS:		
Reserved for:		
Bonifas Trust Fund	<u>\$ 113,759</u>	<u>\$ 109,929</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

CATHERINE BONIFAS TRUST FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FIDUCIARY NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
REVENUES:		
Miscellaneous:		
Interest earnings	<u>\$ 4,675</u>	<u>\$ 4,566</u>
OTHER FINANCING SOURCES (USES):		
Gain (loss) on sale of investments	<u>(845)</u>	<u>(2,976)</u>
EXCESS REVENUES	3,830	1,590
Net assets, beginning of year	<u>109,929</u>	<u>108,339</u>
NET ASSETS, END OF YEAR	<u>\$ 113,759</u>	<u>\$ 109,929</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

BEZOLD TRUST FUND
COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
ASSETS:		
Investments, at market	\$ 267,379	\$ -
Receivables:		
Accrued interest	<u>2,763</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 270,142</u>	<u>\$ -</u>
LIABILITIES:		
Accounts payable	<u>\$ 1,075</u>	<u>\$ -</u>
NET ASSETS:		
Reserved for:		
Bezold Trust Fund	<u>269,067</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 270,142</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

BEZOLD TRUST FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FIDUCIARY NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
REVENUES:		
Miscellaneous:		
Interest earnings	<u>\$ 11,391</u>	<u>\$ -</u>
EXPENDITURES:		
Cultural:		
Books, magazines & periodicals	<u>7,748</u>	<u>-</u>
EXCESS REVENUES (EXPENDITURES)	<u>3,643</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):		
Gain (loss) on sale of investments	(201)	-
Operating transfers in:		
Library Fund	<u>265,625</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>265,424</u>	<u>-</u>
EXCESS REVENUES AND OTHER FINANCING SOURCES	269,067	-
Net assets, beginning of year	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ 269,067</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

ECONOMIC DEVELOPMENT CORPORATION FUND
COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
ASSETS	<u>\$ -</u>	<u>\$ -</u>
NET ASSETS:		
Unreserved:		
Undesignated	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN
ECONOMIC DEVELOPMENT CORPORATION FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FIDUCIARY NET ASSETS

June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
REVENUES:		
Miscellaneous:		
Interest earnings	\$ -	\$ 149
OTHER FINANCING SOURCES (USES):		
Operating transfers out:		
General Fund	-	(14,941)
EXCESS REVENUES AND OTHER FINANCING SOURCES (EXPENDITURES AND OTHER FINANCING USES)	-	(14,792)
Net assets, beginning of year	-	14,792
NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN
PUBLIC SAFETY RETIREMENT FUND
COMPARATIVE STATEMENT OF FIDUCIARY NET ASSETS
June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
ASSETS:		
Cash and equivalents	\$ 822	\$ 865
Investments, at market	17,769,376	16,883,975
Due from other funds:		
General Fund	<u>-</u>	<u>453</u>
TOTAL ASSETS	<u>\$ 17,770,198</u>	<u>\$ 16,885,293</u>
LIABILITIES:		
Accounts payable	\$ 29,381	\$ 803
Bank overdrafts	<u>46,780</u>	<u>-</u>
TOTAL LIABILITIES	<u>76,161</u>	<u>803</u>
NET ASSETS:		
Reserved for:		
Employees' retirement system	<u>17,694,037</u>	<u>16,884,490</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 17,770,198</u>	<u>\$ 16,885,293</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

**PUBLIC SAFETY RETIREMENT FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FIDUCIARY NET ASSETS**

For the years ended June 30, 2005 and 2004

	<u>June 30</u>	
	<u>2005</u>	<u>2004</u>
OPERATING REVENUES:		
Interest and dividends	\$ 594,402	\$ 562,304
Gain (loss) on sale of investments	721,372	1,330,538
Contributions:		
City of Escanaba	418,035	219,191
Employees	<u>114,686</u>	<u>108,960</u>
TOTAL OPERATING REVENUES	<u>1,848,495</u>	<u>2,220,993</u>
OPERATING EXPENSES:		
Administrative and general:		
Trustee fees	5,850	-
Miscellaneous	6,899	2,326
Benefits paid and refunds of member contributions	<u>1,026,199</u>	<u>1,002,032</u>
TOTAL OPERATING EXPENSES	<u>1,038,948</u>	<u>1,004,358</u>
OPERATING INCOME	809,547	1,216,635
Net assets, beginning of year	<u>16,884,490</u>	<u>15,667,855</u>
NET ASSETS, END OF YEAR	<u>\$ 17,694,037</u>	<u>\$ 16,884,490</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

TAX COLLECTION FUND
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

For the Year Ended June 30, 2005

	<u>Balance</u> <u>06/30/04</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/05</u>
ASSETS:				
Cash and equivalents	\$ 13,514	\$ 10,928,175	\$ 10,922,927	\$ 18,762
Receivables:				
Special assessments	-	126,342	126,342	-
Taxes	-	<u>11,306,742</u>	<u>11,306,742</u>	-
TOTAL ASSETS	<u>\$ 13,514</u>	<u>\$ 22,361,259</u>	<u>\$ 22,356,011</u>	<u>\$ 18,762</u>
LIABILITIES:				
Due to other governments	<u>\$ 13,514</u>	<u>\$ 33,637,033</u>	<u>\$ 33,631,785</u>	<u>\$ 18,762</u>

See accompanying notes to financial statements.

CITY OF ESCANABA, MICHIGAN

TAX COLLECTION FUND
SCHEDULE OF COLLECTIONS FOR AND REMITTANCES TO OTHER GOVERNMENTAL UNITS

For the year ended June 30, 2005

	Intermediate School District	County of Delta	Escanaba Area Public Schools	Bay de Noc Community College	State Tax Commission	Community Action Agency
Balance, July 1, 2004	\$ 506	\$ 3,111	\$ 5,658	\$ 723	\$ -	\$ 162
Collections:						
Interest earnings on investments	461	2,080	3,459	641	-	148
Taxes levied for 2004	550,048	2,472,601	2,804,233	763,968	-	128,400
Delinquent tax collections	4,778	19,320	41,210	5,993	-	1,163
Trailer tax collections	-	11,705	-	-	-	-
Industrial facilities tax collection	837	31,084	18,865	21,440	185,896	3,603
Total collections	556,124	2,536,790	2,867,767	792,042	185,896	133,314
Remittances:						
Delinquent taxes returned to County Treasurer	35,224	152,166	270,841	46,741	-	9,527
Delinquent personal property taxes	2,890	12,778	28,074	3,964	-	744
Remittances to governmental units	518,391	2,373,349	2,573,418	741,885	185,896	123,168
Total remittances	556,505	2,538,293	2,872,333	792,590	185,896	133,439
Balance, June 30, 2005	\$ 125	\$ 1,608	\$ 1,092	\$ 175	\$ -	\$ 37

See accompanying notes to financial statements.

<u>Downtown Development Authority</u>	<u>City of Escanaba</u>	<u>Brownfield</u>	<u>Delta County Sheriff Department</u>	<u>Total</u>
\$ -	\$ 3,110	\$ -	\$ 244	\$ 13,514
167	2,044	1	222	9,223
243,568	3,782,200	3,364	192,727	10,941,109
430	30,117	-	1,745	104,756
-	2,341	-	-	14,046
-	106,015	-	5,407	373,147
<u>244,165</u>	<u>3,922,717</u>	<u>3,365</u>	<u>200,101</u>	<u>11,442,281</u>
30,556	192,373	1,430	14,301	753,159
1,633	17,503	-	1,117	68,703
<u>211,952</u>	<u>3,700,305</u>	<u>1,935</u>	<u>184,872</u>	<u>10,615,171</u>
<u>244,141</u>	<u>3,910,181</u>	<u>3,365</u>	<u>200,290</u>	<u>11,437,033</u>
\$ 24	\$ 15,646	\$ -	\$ 55	\$ 18,762

See accompanying notes to financial statements.

GOVERNMENTAL FUNDS FIXED ASSET LISTING

CITY OF ESCANABA, MICHIGAN

GOVERNMENTAL FUNDS FIXED ASSET LISTING
SCHEDULE OF CHANGES IN FIXED ASSETS

For the year ended June 30, 2005

	Balance 06/30/04	Additions	Retirements and other Deductions	Balance 06/30/05
LAND AND IMPROVEMENTS:				
Land	\$ 343,992	\$ 175,822	\$ 11,877	\$ 507,937
Farmer's Market	5,734	-	-	5,734
Mulching/Composting	12,418	-	-	12,418
Advertising Signs	9,674	-	-	9,674
Bike Paths	612,865	-	-	612,865
North Shore Boat Launch	1,570,009	35,803	-	1,605,812
Marina/Harbor	997,909	-	-	997,909
Ness Field Improvements	84,885	-	-	84,885
Parks and Playgrounds	239,653	-	-	239,653
Waterfront Development	1,333,849	67,005	-	1,400,854
BUILDINGS:				
Beach House	275,191	-	-	275,191
Historical Building	55,556	3,377	-	58,933
Band Shell	173,345	-	-	173,345
DDA Center Court	217,585	-	-	217,585
Catherine Bonifas Civic Center	845,946	-	-	845,946
Public Safety Building	869,424	-	-	869,424
Webster Park Shelter House	94,594	-	-	94,594
Ludington Park Restroom	121,386	3,344	-	124,730
Royce Park Shelter	47,041	-	-	47,041
PARKING LOTS:				
1st Avenue North between 12th and 13th streets	17,446	-	-	17,446
West side of North 10th 100 block	1,702	-	-	1,702
Behind Daily Press	13,623	-	-	13,623
West of PSE Credit Union	33,408	-	-	33,408
East of PSE Credit Union	21,564	-	-	21,564
West End of Ludington	200,593	-	-	200,593
Lakestate Parking Lot	48,981	-	-	48,981
1st Avenue South at 8th Street	18,814	-	-	18,814
INDUSTRIAL LAND AND BUILDINGS:				
Immanco Building - 1608 3rd Avenue North	16,913	-	-	16,913
EQUIPMENT:				
Library	139,179	13,337	56,183	96,333
Public Safety Department	762,990	211,375	-	974,365
Street and Sewer	20,562	-	-	20,562
Parks and Recreation	322,675	-	-	322,675
Band	15,558	-	-	15,558
Stock Room	6,478	-	-	6,478
Downtown Development	18,105	-	-	18,105
City Hall	338,555	-	-	338,555
OTHER:				
Infrastructure	13,927,114	485,205	177,014	14,235,305
Escanaba Building Authority	7,375,669	-	1	7,375,668
Motor Vehicle and Equipment Fund	4,589,256	115,520	63,211	4,641,565
Office Equipment Fund	279,081	61,517	41,265	299,333
TOTAL GOVERNMENTAL FUNDS FIXED ASSETS	<u>\$36,079,322</u>	<u>\$ 1,172,305</u>	<u>\$ 349,551</u>	<u>\$36,902,076</u>

See accompanying notes to financial statements.

COMPLIANCE SECTION



ANDERSON, TACKMAN & COMPANY, PLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal
Alan M. Stotz, CPA, Principal
Raymond B. LaMarche, CPA, Principal
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA
Lindsay J. Behrend, CPA
Christina A. Smigowski, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members
of the City Council
City of Escanaba
Escanaba, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Escanaba, Michigan as of and for the year ended June 30, 2005, which collectively comprise the City of Escanaba, Michigan's basic financial statements and have issued our report thereon dated October 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Escanaba's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the City of Escanaba, Michigan, in a separate letter dated October 11, 2005.

Honorable Mayor and Members
of the City Council
City of Escanaba
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Escanaba's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the management, City Council and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Andersson, Tockman & Company P.C.
Certified Public Accountants

October 11, 2005

STATISTICAL AND SUPPLEMENTAL INFORMATION SECTION

CITY OF ESCANABA, MICHIGAN

Table 1
(unaudited)GENERAL GOVERNMENT EXPENDITURES AND OTHER FINANCING USES BY FUNCTION¹

Last Ten Fiscal Years

Fiscal Year Ended June 30.,	General Government	Public Safety	Highways and Streets	Sanitation	Health and Welfare	Culture and Recreation	Miscellaneous	Transfers to Other Funds	Total
1996	\$ 956,109	\$2,635,139	\$1,579,779	\$ 532,461	\$ 9,148	\$ 800,732	\$ 34,772	\$ 15,112	\$6,563,252
1997	1,045,906	2,694,749	1,899,937	627,886	9,148	845,313	34,006	13,485	7,170,430
1998	1,010,397	2,794,075	1,947,804	683,344	9,148	935,269	33,819	14,310	7,428,166
1999	1,061,381	2,911,538	1,721,384	703,428	9,148	1,043,272	34,245	118,498	7,602,894
2000	1,110,212	2,949,850	1,982,377	761,951	9,148	1,103,326	938	31,502	7,949,304
2001	1,188,045	3,112,803	3,090,262	737,605	9,148	1,210,795	1,123	55,564	9,405,345
2002	1,258,077	3,476,223	2,362,603	810,316	9,148	1,222,291	1,719	133,598	9,273,976
2003	1,271,488	3,352,685	1,690,300	779,437	9,148	1,205,011	158	20,408	8,328,635
2004	1,249,423	3,523,272	2,552,218	789,040	9,148	1,158,753	0	31,274	9,313,128
2005	1,259,757	3,916,237	1,769,940	825,609	9,148	1,104,489	0	28,505	8,913,685

¹Includes General, Major Street, Local Street, Library and Bezdold Funds

GENERAL REVENUES AND OTHER FINANCING SOURCES BY SOURCE¹

Last Ten Fiscal Years

Fiscal Year Ended June 30.	Taxes	Licenses and Permits	Inter-gov- ernmental Revenue	Charges for Services	Fines and Forfeitures	Contributions from Other Funds	Miscellaneous	Total
1996	\$2,677,796	\$ 15,511	\$2,437,010	\$ 489,348	\$ 37,399	\$ 610,000	\$ 328,255	\$ 6,595,319
1997	2,800,577	13,508	2,483,922	576,206	43,027	907,000	292,967	7,117,207
1998	3,007,015	14,560	2,974,291	519,212	68,145	710,287	393,926	7,687,436
1999	3,137,852	14,153	2,854,459	552,020	69,866	830,165	330,276	7,788,791
2000	3,295,130	16,288	3,249,943	529,159	76,079	780,000	313,628	8,260,227
2001	3,351,111	11,706	3,672,522	641,331	74,396	1,245,781	461,824	9,458,671
2002	3,522,775	1,523	3,507,227	629,821	49,844	905,962	349,053	8,966,205
2003	3,657,846	1,460	2,982,213	607,504	41,677	900,981	342,645	8,534,326
2004	3,725,194	1,217	3,500,054	627,839	56,288	1,194,019	373,582	9,478,193
2005	3,862,055	1,306	3,204,091	673,304	46,536	850,619	236,609	8,874,520

¹Includes General, Major Street, Local Street, Library and Bezold Funds.

REAL AND PERSONAL PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30.</u>	<u>Total Tax Levy</u>	<u>Total Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
1996*	\$2,577,125	\$ 2,510,991	97.43	\$ 15,684	\$ 2,526,675	98.04	\$ 24,009	.93
1997*	2,708,167	2,686,058	99.18	11,213	2,697,271	99.60	19,917	.74
1998*	2,850,682	2,822,696	99.02	28,067	2,850,763	100.00	43,288	1.52
1999*	2,978,829	2,901,553	97.41	22,018	2,923,571	98.14	30,667	1.03
2000*	3,146,251	3,120,373	99.18	24,040	3,144,413	99.94	28,873	.92
2001*	3,238,742	3,214,745	99.26	34,127	3,248,871	100.31	19,493	.60
2002*	3,403,742	3,376,759	99.21	23,863	3,400,622	99.91	22,634	.66
2003*	3,545,866	3,516,148	99.16	17,683	3,533,831	99.66	35,003	.99
2004*	3,629,103	3,605,702	99.36	18,885	3,624,587	99.88	37,741	1.04
2005*	3,760,903	3,744,006	99.55	28,449	3,772,456	100.31	26,794	.71

*Beginning in the fiscal year ended June 30, 1982, Delta County formulated a tax revolving fund, whereby they purchase the uncollected balance of the current real property tax levy, which becomes delinquent on March 1. The County will retain the delinquent collections and interest as they are collected.

TAXABLE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY¹

Last Ten Fiscal Years

Fiscal Year Ended June 30.	Real Property		Personal Property		Total		Ratio of Total Taxable Value to Total Estimated Value
	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	
1996 ²	\$139,571,971	\$283,424,254	\$ 15,789,024	\$ 31,578,048	\$155,360,995	\$311,002,302	49.32
1997 ²	144,631,908	308,957,526	18,969,038	38,086,424	163,600,946	347,043,950	47.14
1998 ²	154,056,204	335,615,506	18,843,852	37,707,418	172,900,056	373,322,924	46.31
1999 ²	161,614,523	372,253,450	19,690,694	39,540,124	181,305,217	411,793,574	44.03
2000 ²	169,683,171	423,492,984	19,753,218	40,057,550	189,436,389	463,550,534	40.87
2001 ²	176,263,618	446,187,192	18,365,759	36,731,518	194,629,377	482,918,710	40.30
2002 ²	185,685,617	518,521,084	19,126,149	38,252,298	204,811,766	556,773,382	36.79
2003 ²	194,323,465	499,964,674	19,850,412	40,169,886	214,173,877	540,134,560	39.65
2004 ²	202,613,242	509,651,888	16,607,906	33,215,812	219,221,148	542,867,700	40.38
2005 ²	211,764,531	547,814,648	16,384,409	32,768,818	228,148,940	580,583,466	39.30

Source: City of Escanaba Assessor's Department

¹Taxable values are as of the December 31, prior to the beginning of the fiscal year.

²Beginning with the fiscal year ended 6/30/95, state law was changed to create an additional tax valuation, "taxable" value. Prior to this date, taxable value equaled assessed value. Due to statutory limits on taxable value, they no longer have to be equal. Taxable value is the valuation used to calculate tax bills.

PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS (PER \$1,000 OF ASSESSED VALUE)

Last Ten Fiscal Years

Fiscal Year Ended June 30.	City of Escanaba	Delta County	Escanaba Area Public School	Delta- Schoolcraft Intermediate School District	Bay de Noc Community College	Pinecrest Debt	State ED ¹	Total
1996	17.00	6.5983 ²	1.00	2.5124	3.2735	.45	6.00	36.3452 ³
1997	17.00	6.5983 ²	1.04	2.5124	3.3735	.45	6.00	36.9742 ³
1998	17.00	6.5983 ²	1.12	2.5117	3.3735	.45	6.00	37.0535 ³
1999	17.00	6.5983 ²	1.05	2.5117	3.3735	.45	6.00	36.9835 ³
2000	17.00	6.5607 ²	1.01	2.4917	3.36	.45	6.00	36.8724 ³
2001	17.00	6.6319 ²	1.03	2.4807	3.3585	-	6.00	36.5011 ³
2002	17.00	6.6112 ²	3.06	2.4695	3.3511	-	6.00	38.4918 ³
2003	17.00	6.6097 ²	3.02	2.4596	3.3506	-	6.00	38.4399 ³
2004	17.00	6.5719 ²	3.11	2.4375	3.50	-	5.00	37.6194 ³
2005	17.00	6.5458 ²	3.08	2.4191	3.50	-	6.00	38.5449 ³

Source: City of Escanaba Assessor's Department

¹Beginning in the fiscal year ended 6/30/95, changes in state law resulted in major school financing reform. The overall effect was the reduction of local school millage rates, the establishment of the state education levy and an increase in the state sales tax.

²Beginning in the fiscal year ended 6/30/92, Delta County's tax rate includes extra voted millage for Sheriff's Patrol and Community Action Agency. For the fiscal year ended 6/30/05, these amounts were .8828 and .5882 respectively.

³The amounts for fiscal years ended 6/30/95 and later reflect the tax rate for owner occupied residential property. Other property types would see tax rates of up to 18 mills higher.

COMPUTATION OF LEGAL DEBT MARGIN

June 30, 2005

2005 Taxable Valuation (as of December 31, 2004)		<u>\$235,232,393</u>
Debt limit - 10 percent of assessed value ¹		\$ 23,523,239
Amount of outstanding debt	\$ 8,417,753	
Less: Revenue bonds ^{2-d}	(4,494,000)	
Non-Bonded Debt	(213,753)	
Bonds issued to Abate Pollution ^{2-f}	<u>-</u>	
	<u>\$ 3,710,000</u>	<u>3,710,000</u>
LEGAL DEBT MARGIN		<u>\$ 19,813,239</u>

¹Act 279, Public Acts of Michigan, 1909, as amended, provides that the net indebtedness of the City shall not exceed 10 percent of all assessed real and personal property in the City.

²Bonds which are not included in the compilation of legal debt margin according to Act 279, Public Acts of Michigan, 1909, are:

- a. Special Assessments Bonds
- b. Mortgage Bonds
- c. Motor Vehicle Highway Funds Bonds
- d. Revenue Bonds
- e. Bonds issued, or contracts or assessments obligations, incurred to comply with an order of the Water Resources Commission or a Court of Competent Jurisdiction
- f. Other obligations incurred for water supply, sewage, drainage or refuse, disposal projects necessary to protect the public health by abating pollution

CITY OF ESCANABA, MICHIGAN

Table 7
(unaudited)

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

June 30, 2005

<u>Jurisdiction</u>	<u>Net Bonded Debt Outstanding</u>	<u>Percentage Applicable to the City of Escanaba</u>	<u>Amount Applicable to the City of Escanaba</u>
City of Escanaba ¹	\$ 3,710,000	100.00%	\$ 3,710,000
Escanaba Area Public Schools	19,495,000	43.43	8,467,561
Delta-Schoolcraft Intermediate School District	-	19.02	-
Bay de Noc Community College ²	6,695,000	24.95	1,670,571
Delta County ³	<u>10,035,000</u>	24.95	<u>2,503,985</u>
TOTALS	<u>\$ 39,935,000</u>		<u>\$ 16,352,118</u>

Source: City of Escanaba Assessor's Department

¹Net bonded debt outstanding includes only bonded debt to be repaid with property tax proceeds. Not included for purposes of this schedule is any debt: (a) to be repaid out of Utility Fund proceeds or (b) non-bonded debt.

²Net bonded debt outstanding does not include outstanding revenue bonds, used for the construction of the College's dormitories, as this debt is to be repaid with rental payments.

³Net bonded debt does not include general obligation limited tax notes, to be repaid with delinquent property tax collections nor does it include any notes payable, secured by airport property.

WATER UTILITY BONDS
ANALYSIS OF INCOME AVAILABLE FOR DEBT RETIREMENT

Last Ten Fiscal Years

Fiscal Year Ended June 30.	Net Income	Depre- ciation	Interest on Bonds	Income Available for Bond and Interest Redemption	Debt Service Requirements			
					Principal	Interest	Total	Coverage
1996	\$ (4,726)	\$ 157,920	\$ 11,375	\$ 164,569	\$ 100,000	\$ 11,375	\$ 111,375	1.48
1997	(10,893)	164,289	6,250	159,646	100,000	6,250	106,250	1.50
1998	49,183	160,659	1,250	211,092	100,000	1,250	101,250	2.08
1999	(31,400)	182,155	-	150,755	-	-	-	n/a
2000	(38,860)	186,192	-	147,332	-	-	-	n/a
2001	(43,563)	202,305	-	158,742	-	-	-	n/a
2002	(58,514)	212,305	-	153,791	-	-	-	n/a
2003	(4,677)	192,696	22,275	210,924	-	22,275	22,275	9.47
2004	(20,042)	208,464	59,311	247,733	-	59,311	59,311	4.18
2005	(96,307)	246,059	69,419	219,171	110,000	69,419	179,419	1.22

WASTEWATER UTILITY BONDS
ANALYSIS OF INCOME AVAILABLE FOR DEBT RETIREMENT

Last Ten Fiscal Years

Fiscal Year Ended June 30.	Net Income	Depre- ciation	Interest and Fees on DPW ¹ Bonds	Interest on Revenue Bonds ²	Income Available for Bond and Interest Redemption	Debt Service Requirements			
						Principal	Interest and Fees	Total	Coverage
1996	\$ 129,172	\$ 175,565	\$ 2,391	\$ 46,913	\$ 354,041	\$ 207,092	\$ 49,304	\$ 256,396	1.38
1997	144,957	176,699	1,500	36,588	359,744	160,000	38,088	198,088	1.82
1998	302,260	181,542	-	28,750	512,552	160,000	28,750	188,750	2.72
1999	165,744	186,022	-	25,740	377,506	60,000	25,740	85,740	4.40
2000	109,017	217,652	-	45,447	372,116	100,000	45,447	145,447	2.56
2001	38,661	231,876	-	40,221	310,758	104,338	40,221	144,559	2.15
2002	(26,028)	205,555	-	38,025	217,552	105,000	38,025	143,025	1.52
2003	39,205	206,763	-	35,825	281,793	105,000	35,825	140,825	2.00
2004	(93,038)	201,739	-	33,466	142,167	115,000	33,466	148,466	.96
2005	(85,363)	200,214	-	31,053	145,904	115,000	31,053	146,053	1.00

¹These bonds were issued by the Delta County Board of Public works, under the provisions of Act 185, Public Acts of Michigan, 1975. Under terms of a contract dated September 3, 1970, the City of Escanaba is obligated to make payments to Delta County in an amount sufficient to cover annual bond principal maturities and semi-annual interest payments.

²These bonds include 1982 Revenue Bonds and 1994 DNR/MMBA Bonds.

CITY OF ESCANABA, MICHIGAN

Table 10
(unaudited)ELECTRIC UTILITY
COMPARATIVE STATISTICAL INFORMATION

For the Years Ended June 30, 2005 and 2004

	Year Ended June 30,		Year Ended June 30,	
	2005	2004	2005	2004
	Number of KWH		Per KWH	
OPERATING REVENUES:				
Residential sales	34,256,889	34,808,742	.074415	.073105
Hot water sales	476,898	533,548	.066675	.062421
Electric heat	450,044	639,043	.064455	.062763
Commercial sales	49,735,766	50,111,121	.068084	.067317
Industrial sales	63,011,135	54,180,972	.054149	.056022
Municipal	6,706,091	6,602,989	.063130	.064209
Dusk to Dawn	564,846	569,359	.082227	.082377
Street lighting	2,004,502	1,969,207	.056275	.055748
Dispatching	12,412,060	7,778,000	.147736	.076484
TOTAL OPERATING REVENUES	<u>169,618,231</u>	<u>157,192,981</u>	<u>.070528</u>	<u>.064903</u>
OPERATING EXPENSES:				
Production	175,531,742	163,323,967	.066070	.052696
Transmission/Distribution/Services			.001821	.002078
Administration/General			.005833	.004479
Provision for depreciation			.005451	.005232
Taxes paid to General Fund			.000000	.000000
General Fund Administration and Collection			.003039	.003106
Unaccounted for	(5,913,511)	(6,130,986)	.002866	.002637
TOTAL OPERATING EXPENSES	<u>169,618,231</u>	<u>157,192,981</u>	<u>.085080</u>	<u>.070228</u>
Operating income			(.014552)	(.005325)
Miscellaneous income			.005451	.004516
Interest earnings			.004614	.002434
TOTAL OPERATING AND OTHER INCOME			(.004487)	.001625
Contributions to Other Funds			.003063	.003490
NET INCOME			<u>(\$.007550)</u>	<u>(\$.001865)</u>
	Year Ended June 30,			
	2005	2004		
TOTAL NUMBER OF SERVICES:				
Residential	5,981	5,950		
Hot Water	207	220		
Heating	34	38		
Commercial	1,051	1,113		
Industrial	21	21		
Municipal	93	103		
AVERAGE KILOWATTS PER SERVICE:				
Residential	5.728	5.850		
Hot Water	2.304	2.425		
Heating	13.237	16.817		
Commercial	47.322	45.023		
Industrial	3,000.530	2,580.046		
Municipal	72.109	64.107		
AVERAGE REVENUE PER SERVICE:				
Residential	\$ 426	\$ 428		
Hot Water	\$ 154	\$ 151		
Heating	\$ 853	\$ 1,055		
Commercial	\$ 3.222	\$ 3.031		
Industrial	\$ 162.476	\$ 144.540		
Municipal	\$ 4.552	\$ 4.116		

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

<u>Fiscal Year Ended June 30,</u>	<u>Population¹</u>	<u>Per Capita Income¹</u>	<u>K-12 School Enrollment²</u>	<u>Unemployment Rate³</u>
1996	13,556 (estimate)	Not available	3,766	8.3
1997	13,556 (estimate)	Not available	3,852	7.5
1998	13,280 (estimate)	Not available	3,787	6.5
1999	13,280 (estimate)	Not available	3,660	6.4
2000	13,140	\$17,589	3,522	6.2
2001	12,974 (estimate)	Not available	3,390	7.3
2002	12,848 (estimate)	Not available	3,329	7.7
2003	12,800 (estimate)	Not available	3,239	8.9
2004	12,752 (estimate)	Not available	3,102	7.6
2005	Not available	Not available	3,013	7.5

Sources:

¹Bureau of Census and U.S. Department of Commerce.²Escanaba Area Public Schools (Note: enrollments include students from outside the City of Escanaba)³Michigan Employment Security Agency (Note: includes total Delta County area; figures on a calendar year basis, except 2005, which is through September 2005)

PRINCIPAL TAXPAYERS

Fiscal Year Ended June 30, 2006¹

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Valuation</u>	<u>Percentage of Total Taxable Valuation</u>
Rubloff Delta LLC	Shopping Center	\$4,314,658	1.83
Dagenais Real Estate Inc.	Commercial Real Estate	3,539,827	1.50
Wal-Mart Stores, Inc. #2522	Retail Sales	3,536,134	1.50
UP Enterprises LLC	Commercial Real Estate	3,168,158	1.35
Northland Centers	Retail Sales	2,134,357	0.91
Shopko Properties Inc. #016	Retail Sales	1,982,438	0.84
Bell, Walter and Camille	Motel	1,851,121	0.79
Elmer's County Market	Food Sales	1,713,445	0.73
Wells Fargo	Banking	1,581,707	0.67
Bosk Properties	Commercial Real Estate	1,549,315	0.66

Source: City of Escanaba Assessor's Department

Note: This table does not include I.F.T. certificates.

¹Valuation as of 12/31/04 becomes the "2005 Taxable Valuation." This value is used to compute City property taxes for July 2005, which finances City operations through the fiscal year ended June 30, 2006.

MISCELLANEOUS STATISTICS

June 30, 2005

Date of incorporation	1883
Form of government - since 1922	Council-Manager
Area	12.81 square miles
Miles of streets	83.01 miles
Miles of paved roads	79.04 miles
PUBLIC SAFETY - JOINT POLICE/FIRE PROTECTION	
Number of stations	1
Number of public safety officers and dispatchers	42
ELECTRIC DEPARTMENT	
Capacity	41.0 megawatts
Peak use during fiscal year	29.9 megawatts
WATER DEPARTMENT	
Number of accounts	5,750
Average daily consumption	1,300,000 gallons/day
Pumping capacity	7,500,000 gallons/day
Storage capacity	2,000,000 gallons
Design capacity	8,000,000 gallons/day
Miles of water mains	76.45 miles
WASTEWATER DEPARTMENT	
Average daily treatment	1,800,000 gallons/day
Design capacity	2,200,000 gallons/day
Treatment	Activated sludge process
Miles of sanitary sewer	77.20 miles
Miles of storm sewers	48.61 miles
CULTURE AND RECREATION	
Public Library:	
Volumes	72,692
2004-05 circulation	104,802
Number of registered users	10,867
Parks and recreation areas	412 acres
Recreation buildings	1
Outdoor skating rinks - natural ice	2
Softball/baseball fields	8
Outdoor band shell	1
Basketball courts - indoor and outdoor	4
Tennis courts	9
Marina	165 berths
Public boat launches	2

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE AND NET BONDED DEBT PER CAPITA

Last Ten Fiscal Years

As of June 30.	Population ¹	Taxable Value ²	Gross Bonded Debt ³	Less Debt Payable from Enterprise Funds ⁴	Less Industrial Development Bonds	Net Bonded Debt	Net Bonded Debt to Taxable Value	Net Bonded Debt per Capita
1996	13,556 (est)	\$155,360,995	\$10,583,134	\$ 1,665,000	\$ 4,455,000	\$ 4,463,134	2.87%	329.23
1997	13,556 (est)	163,600,946	5,769,199	1,405,000	-	4,364,199	2.67%	321.94
1998	13,280 (est)	172,900,056	5,563,894	1,253,000	-	4,310,894	2.49%	324.62
1999	13,280 (est)	181,305,217	6,180,629	1,983,629	-	4,197,000	2.31%	316.04
2000	13,140	189,436,389	6,770,338	2,058,338	-	4,712,000	2.49%	358.60
2001	12,974 (est)	194,629,377	7,091,500	1,942,000	-	5,149,500	2.65%	396.91
2002	12,848 (est)	204,811,766	6,816,540	1,825,000	-	4,991,540	2.44%	388.51
2003	12,800 (est)	214,173,877	8,813,732	3,954,354	-	4,859,378	2.27%	379.64
2004	12,752 (est)	219,221,148	8,888,503	4,331,000	-	4,557,503	2.08%	357.40
2005	12,752 (est)	228,148,940	8,417,753	4,094,000	-	4,323,753	1.90%	339.06

Sources:

¹Bureau of Census, U.S. Department of Commerce. Where actual or estimate not available, previous available population utilized.

²From Table 4

³Does not include non-bonded debt secured on equipment

⁴Includes 1993 MMBA State RLF Wastewater Utility Bonds and DDA Revenue Bond.



ANDERSON, TACKMAN & COMPANY, PLC

CERTIFIED PUBLIC ACCOUNTANTS

OFFICES IN MICHIGAN AND WISCONSIN

Kristine P. Berhow, CPA, Principal
Alan M. Stotz, CPA, Principal
Raymond B. LaMarche, CPA, Principal
Erkki M. Peippo, CPA, PC, Principal

Kevin C. Pascoe, CPA
Lindsay J. Behrend, CPA
Christina A. Smigowski, CPA

REPORT TO MANAGEMENT

RECEIVED

DEPT. OF TREASURY

DEC 27 2005

Honorable Mayor, Members of the City Council,
and City Manager
City of Escanaba, Michigan

We have audited the financial statements of the City of Escanaba, Michigan, for the year ended June 30, 2005, and have issued our reports thereon dated October 11, 2005. Our professional standards require that we make several communications to you, the purpose of which is to assist you with additional information regarding the scope and results of the audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

LOCAL AUDIT & FINANCE DIV.

Our Responsibility under U. S. Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

In planning and performing our audit, we considered the City of Escanaba's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

As part of obtaining reasonable assurance about whether the City of Escanaba's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit.

As part of our audit, we considered the internal control structure of the City of Escanaba. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Honorable Mayor, Members of the City Council,
and City Manager
City of Escanaba, Michigan

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the City of Escanaba are described in Note 1 of the financial statements. No new accounting policies were adopted and the application of existing policies were not changed during the fiscal year. We noted no transactions entered into by the City of Escanaba during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates would involve the useful lives of fixed assets and the market values of investments. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the estimates.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Our audit adjustments, individually and in the aggregate, do not have a significant effect on the financial reporting process.

Disagreement with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether significant or not resolved to our satisfaction concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultation with Other Independent Accountants

In some cases, management may decide to consult with other accountants about accounting and auditing matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City of Escanaba or a determination of the type of auditor's opinion to be expressed on those statements, our professional standards require the consulting accountant to advise us as to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Honorable Mayor, Members of the City Council,
and City Manager
City of Escanaba, Michigan

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in the performance of our audit.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

In planning and performing our audit of the financial statements of the City of Escanaba, Michigan, for the year ended June 30, 2005, we considered the City's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 11, 2005, on the financial statements of the City of Escanaba.

We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This information is intended solely for the use of the City Council, the management of the City of Escanaba and applicable State and Federal grantor agencies and is not intended to be and should not be used by anyone other than these specified parties.

Anderson, Tackman & Company P.L.C.

Certified Public Accountants

October 11, 2005

CITY OF ESCANABA, MICHIGAN

COMMENTS AND RECOMMENDATIONS

June 30, 2005

BUDGET NONCOMPLIANCE

During the year the City has not complied with certain provisions of the Michigan Uniform Budgeting and Accounting Act. Items of noncompliance are as follows:

The following functions in the General Fund were overspent:

Stenographer	\$ 1,674
Community promotion	642

We recommend that the City continue to monitor the budget to comply completely with the Michigan Uniform Budgeting and Accounting Act.

OUTSTANDING CHECKS

The Wells Fargo general checking and savings account has several old outstanding checks. Some of these checks date back to 1997. We recommend that these checks be investigated and escheated to the state, if appropriate.

UPSET FUNDS

The City operates as a depository for UPSET forfeiture funds. There is little, if any, ability for the City to determine the accuracy of funds received. There is also very little City control over the expenditure of these funds. We recommend that the need of the City's involvement be researched, and that these funds be turned over to UPSET's control, if appropriate.

ACCOUNTS RECEIVABLE

During our audit we noted several receivables that are quite delinquent. We recommend that these delinquent receivables be reviewed to determine collectability. If they are not collectable we recommend that the City write the receivable off so as to more clearly define the total receivable balance.

UTILITY BILLING SYSTEM

As part of our audit we selected ten utility receipts to test. During this process we noted that one utility billing stub could not be located. We recommend that all paid stubs be retained for complete tracking purposes.

CITY OF ESCANABA, MICHIGAN

COMMENTS AND RECOMMENDATIONS

June 30, 2005

LOAN ADMINISTRATION BOARD

During our audit we noted that the Loan Administration Board approved a loan from the Revolving Fund for \$115,000. The actual loan turned out to be \$118,332. We recommend that the Loan Administration Board approve the actual amount loaned and to give prior approval for future loans that will be sufficient to cover the actual loaned amount.